

STATE OF LOUISIANA LEGISLATIVE AUDITOR

KDAQ-FM, KLSA-FM, KBSA-FM, and
KLDN-FM Radio Stations
Louisiana State University in Shreveport
State of Louisiana
Shreveport, Louisiana

November 7, 2001



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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**KDAQ-FM, KLSA-FM, KBSA-FM, AND
KLDN-FM RADIO STATIONS
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
Shreveport, Louisiana**

**Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 2001
With Supplemental Information Schedule**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

November 7, 2001

**KDAQ-FM, KLSA-FM, KBSA-FM, AND
KLDN-FM RADIO STATIONS
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA**

*Financial Statements and
Independent Auditor's Report
As of and for the Year Ended June 30, 2001
With Supplemental Information Schedule*

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LEGISLATIVE AUDITOR

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October 26, 2001

Independent Auditor's Report
on the Financial Statements

LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
Shreveport, Louisiana

We have audited the accompanying Statement of Financial Position, Statement of Activities, and Statement of Cash Flows of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport, public telecommunications entities operated by Louisiana State University in Shreveport, as of and for the year ended June 30, 2001. These financial statements are the responsibility of management of the radio stations. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport, are intended to present the financial position, results of operations, and cash flows of only that portion of the funds of Louisiana State University in Shreveport that is attributable to the transactions of the radio stations.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport, at June 30, 2001, and the results of their operations and the cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

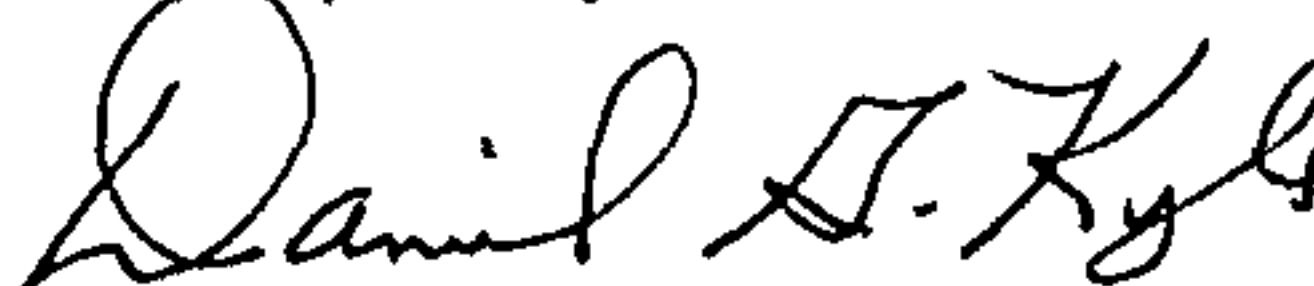
LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
Audit Report, June 30, 2001

As discussed in note 11 to the financial statements, Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport, changed their capitalization threshold for movable property from \$250 to \$1,000 in 2001.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with a large initial "D".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DR:WJR:DSP:dl

[LSUS-RAD01]

KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS
A Public Telecommunications Entity Operated by
Louisiana State University in Shreveport
Statement of Financial Position
June 30, 2001
(with Comparative Totals for 2000)

Statement A

	2001			2000
	Operating Funds			Total
	Unrestricted	Restricted	Total	
ASSETS				
Current Assets- -				
Cash and Cash Equivalents	\$54,383	\$500	\$54,883	\$40,942
Total Current Assets	54,383	500	54,883	40,942
Property and Equipment- -				
Equipment	1,128,632	50,383	1,179,015	1,258,675
Total assets	\$ 1,183,015	\$ 50,883	\$ 1,233,898	\$ 1,299,617
LIABILITIES AND NET ASSETS				
Current Liabilities- -				
Deferred revenue - unexpended grants	-	\$ 500	\$ 500	\$ 2,354
Total Current Liabilities	-	500	500	2,354
Long Term Liabilities- -				
Accrued sick and annual leave payable	\$ 31,930	-	31,930	35,287
Total Liabilities	31,930	500	32,430	37,641
Net Assets- -				
Unrestricted	1,151,085	-	1,151,085	1,199,877
Restricted	-	50,383	50,383	62,099
Total net assets	1,151,085	50,383	1,201,468	1,261,976
Total liabilities and net assets	\$ 1,183,015	\$ 50,883	\$ 1,233,898	\$ 1,299,617

The accompanying notes are an integral part of this statement.

KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS
Louisiana State University in Shreveport
Statement of Activities
For The Year Ended June 30, 2001
(With Comparative Totals for 2000)

Statement B

	2001			2000
	Operating Funds			Total
	Unrestricted	Restricted	Total	
Revenues, gains, and other support:				
Contributions	\$ 355,308	-	\$ 355,308	\$ 339,868
Investment income	64	-	64	-
Underwriting	137,627	-	137,627	118,853
Corporation for public broadcasting				
Community service grant - general	-	\$ 94,662	94,662	86,124
National program production and acquisition grant	-	40,570	40,570	36,910
Station Resource Group grant	-	-	-	5,000
Louisiana Public Broadcasting grant	-	25,000	25,000	48,050
Community Foundation grant	-	-	-	26,000
Temple Foundation grant	-	-	-	7,500
Other grants	-	1,853	1,853	10,006
Lease Agreements	35,957	-	35,957	34,141
Total revenues, gains, and other support	<u>528,956</u>	<u>162,085</u>	<u>691,041</u>	<u>712,452</u>
Expenses:				
Program services- -				
Programming and production	39,680	110,126	149,806	195,816
Broadcasting	216,690	51,657	268,347	290,853
Program information and promotion	10,738	-	10,738	9,646
Total program expenses	<u>267,108</u>	<u>161,783</u>	<u>428,891</u>	<u>496,315</u>
Supporting services- -				
Management and general	162,224	256	162,480	122,645
Fund raising and membership development	44,118	29	44,147	36,913
Underwriting and grant solicitation	36,354	17	36,371	44,351
Total supporting expenses	<u>242,696</u>	<u>302</u>	<u>242,998</u>	<u>203,909</u>
Total expenses	<u>509,804</u>	<u>162,085</u>	<u>671,889</u>	<u>700,224</u>
Change in net assets before capital additions	<u>19,152</u>	<u>-</u>	<u>19,152</u>	<u>12,228</u>
Capital additions:				
Loss on disposition of property and equipment	-	-	-	(2,198)
Gifts	-	-	-	12,080
Transfers between funds	-	-	-	-
Change in net assets after capital additions	<u>19,152</u>	<u>-</u>	<u>19,152</u>	<u>22,110</u>
Net assets, beginning of year, as restated	<u>1,131,933</u>	<u>50,383</u>	<u>1,182,316</u>	<u>1,239,866</u>
Net assets, end of year	<u>\$ 1,151,085</u>	<u>\$ 50,383</u>	<u>\$ 1,201,468</u>	<u>\$ 1,261,976</u>

The accompanying notes are an integral part of this statement.

KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS
Louisiana State University in Shreveport
Statement of Cash Flows
For the Year Ended June 30, 2001
(With Comparative Totals for 2000)

Statement C

	2001			2000
	Unrestricted Fund	Restricted Fund	Totals	Total
Cash flows from operating activities:				
Change in net assets	\$ 19,152	-	\$ 19,152	\$ 22,110
Adjustments to reconcile change in net assets to net cash used by operating activities				
Loss on disposition of property and equipment	-	-	-	2,198
Decrease in accounts receivable	-	-	-	290
(Decrease) in accounts payable and accrued expense	-	-	-	(60)
Increase (decrease) in accrued sick and annual leave payable	(3,357)	-	(3,357)	4,533
Increase (decrease) in deferred revenue - unexpended grants	-	\$ (1,854)	(1,854)	1,192
Gifts received	-	-	-	(12,080)
Net cash provided (used) by operating activities	15,795	(1,854)	13,941	18,183
Cash flows from investing activities:				
Purchase of property and equipment	-	-	-	(20,952)
Net cash (used) by investing activities	-	-	-	(20,952)
Net increase (decrease) in cash and cash equivalents	15,795	(1,854)	13,941	(2,769)
Cash and cash equivalents at beginning of year	38,588	2,354	40,942	43,711
Cash and cash equivalents at end of year	<u>\$54,383</u>	<u>\$500</u>	<u>\$54,883</u>	<u>\$40,942</u>

The accompanying notes are an integral part of this statement.

KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM RADIO STATIONS
Public Telecommunications Entities Operated By
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
A Member of the LSU System

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The significant accounting policies that follow are provided to enhance the usefulness of the financial statements to the reader.

A. Organization

Louisiana State University in Shreveport is a publicly supported institution of higher education. The University is a political subdivision of the State of Louisiana, and is under the management and supervision of a body corporate known as the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The Board of Supervisors (the Board) is the governing body over all campuses under the organizational structure of the Louisiana State University (LSU) System. All members of the Board of Supervisors are appointed by the Governor. The Board of Supervisors are the legal holders of the licenses of all the stations in this network.

On September 14, 1981, the Board of Supervisors (the Board), approved establishment of a public radio station (network) to be housed at, and operated by, Louisiana State University in Shreveport (LSU-S). On October 29, 1982, the Federal Communication Commission (FCC) assigned it the call letters KDAQ-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1985, the radio station attained this status.

In 1985, a second station was established on the Louisiana State University at Alexandria campus (LSU-A). This station was established to be operated by LSU-S as a simulcast of KDAQ-FM. On May 17, 1985, the FCC assigned it the call letters KLSA-FM.

In 1987, a third station was established in El Dorado, Arkansas, to be operated by LSU-S as a simulcast of KDAQ-FM. On June 4, 1987, the FCC assigned it the call letters KBSA-FM.

In 1991, a fourth station was established in Lufkin, Texas, to be operated by LSU-S, as a simulcast of KDAQ-FM. On December 7, 1989, the FCC assigned it the call letters KLDN-FM.

In 1996, a translator was established in Grambling, Louisiana, to be operated by LSU-S as a simulcast of KDAQ-FM. The translator numbers K214CE were assigned by the FCC on March 10, 1996.

KDAQ-FM, KLSA-FM, KBSA-FM and KLDN-FM Radio Stations (a.k.a. Red River Public Radio Network) are departmental budget units of LSU-S and are reported in the University's Annual Financial Statements in the same respect as a "public service department." The total departmental expenditures are reported in Analysis Schedule C-2A and C-2B of LSU-S's financial statements for the network.

B. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the network, the accounts of the network are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and net assets of the station are reported in two self-balancing operating funds, which include unrestricted and restricted resources. These funds represent resources available for support of the network operations.

C. Expendable Restricted Resources

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the network has incurred expenses in compliance with the specific restrictions. Such amounts received but not yet earned are reported on the Statement of Financial Position as restricted "deferred revenue-unexpended grants."

D. Contributions and Pledges

Contributions and pledges are recorded as revenue in the Statement of Activities when received.

E. Statement of Cash Flows

Cash flows are presented using the indirect method. Cash equivalents include demand deposits and bank certificates of deposit.

F. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

G. Contributed Facilities

The network occupies without charge certain premises located in and owned by the state.

Donated facilities from LSU-S consist of office and studio space together with related occupancy costs and are recorded as indirect administrative support from LSU-S. The total for indirect administrative support for fiscal year 2000-2001 is \$115,035. Computation for the above is reflected in Schedule B of the Corporation for Public Broadcasting Annual Financial Report.

H. Income Taxes

The network is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal year 2001.

I. Property and Equipment

Property and equipment are recorded at cost, or in the case of donated property, at their estimated fair value at the date of receipt. As a State Agency, depreciation is not recognized by the University. The University maintains a physical inventory of all moveable equipment with an acquisition value of \$1,000 or more. This is a change from prior years where the threshold was set at \$250 or more. Please see Note 11, Accounting Changes and Note 12, Prior Year Restatement of Fund Balances.

2. Property and Equipment

A summary of property and equipment is as follows:

	<u>July 1, 2000</u>	<u>Adjustments*</u>	<u>Restated Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2001</u>
Office Furniture and Fixtures	\$ 64,730	\$ (64,730)	-	-	-	-
Transmission and Antenna	856,469	(133,000)	\$ 723,469	-	-	\$ 723,469
Satellite Dish	83,803	(22,945)	60,858	-	-	60,858
Studio and Other Broadcast Equipment ..	<u>253,673</u>	<u>141,015</u>	<u>394,688</u>	<u>-</u>	<u>-</u>	<u>394,688</u>
Total Equipment	<u>\$ 1,258,675</u>	<u>\$ (79,660)</u>	<u>\$ 1,179,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,179,015</u>

*Total adjustment of \$79,660 was due to the Accounting Change (see notes 11 and 12). Other adjustments included were the result of correction of classification of equipment from office, transmission, and satellite to broadcast equipment.

3. Long-Term Debt

The radio network has entered into no long-term debt agreements.

4. Leases

The network is obligated for operating leases for the rental of tower space for the operation of stations KLSA-FM, KBSA-FM, and KLDN-FM. Total rental expense for 2001 was \$36,298.

The future lease payments due under the lease agreements at June 30, 2001, are as follows:

<u>Nature of Lease</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Thereafter</u>
Tower Rentals	<u>37,020</u>	<u>30,000</u>	<u>30,000</u>	<u>19,569</u>	<u>24,409</u>

5. **Accrued Leave Payable**

Employees accrue and accumulate annual and sick leave in accordance with policies established by the LSU Board of Supervisors for unclassified personnel, and by the Department of Civil Service for classified personnel. Substantially all employees accumulate annual and sick leave without limitation.

Upon separation of employment, personnel, or their heirs, are compensated for accumulated annual leave not to exceed 300 hours.

In addition, personnel, or their heirs, are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Upon retirement, any annual or sick leave not compensated for is used as credited service in either Louisiana Teacher's Retirement System or Louisiana State Employees' Retirement System.

The liability for unused annual and sick leave at June 30, 200, computed in accordance with GASB 16, is estimated to be \$16,739 and \$15,191, respectively as reflected in Statement A. This estimated liability for compensated absences is calculated on a maximum of 300 hours for each employee having accumulated annual leave, and on a maximum of 200 hours of accumulated sick leave for unclassified employees. The liability is not calculated on sick leave balances accumulated by classified employees, since lump sum payments for sick leave only are made to retiring unclassified employees. Accrued leave payable for the year ended June 30, 2001, decreased by \$3,358. This amount is reflected as an increase in management and general expenses on Statement B.

6. **Pension Plan**

Substantially, all employees of the network are members of the Louisiana State Employees' Retirement System (LASERS) and the Louisiana Teachers' Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the State legislature. The Systems issue annual publicly available financial reports that include financial statements and required supplementary information for the Systems. The reports may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling

(225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

The contribution requirements of plan members and the radio station are established and may be amended by the State legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:102. Employees contribute 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 14.2 percent of covered salaries to TRS and 13.0 percent of covered salaries to LASERS. The radio station's employer contribution is funded by self-generated revenues. The radio station's employer contributions to TRS for the years ended June 30, 2001, 2000, and 1999, were \$5,769, \$7,970, and \$6,936 respectively, and to LASERS for the years ended June 30, 2001, 2000, and 1999, were \$11,708, \$16,860, and \$16,096 respectively, equal to the required contributions for each year.

7. Optional Retirement System

LSA-R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the radio station in recruiting employees who may not be expected to remain in the Teachers Retirement System (TRS) for ten or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the radio station are 14.2 percent of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$16,256 for the year ended June 30, 2001.

8. Changes in Deferred Support and Revenues

Balance, beginning of year	\$ 2,354
Additions - Contributions and grants	160,232
Deductions - Contributions and grants recognized as revenue or support	<u>162,086</u>
Balance, end of year	<u>\$ 500</u>

9. Prior Year Financial Statements

The financial information shown for 2000 in the accompanying financial statements is included

to provide a basis for comparison with 2001 and present summarized totals only.

10. The Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund.

On September 26, 1996, the Community Foundation of Shreveport-Bossier (CFS-B), a non-profit corporation of Shreveport, Louisiana with its principal office located at 401 Edwards Street, Suite 517, Shreveport, LA 71101, in coordination with the Community Advisory Board (CAB) for the Louisiana State University in Shreveport Public Radio Stations, established the Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund (Fund).

The Fund is to be used for the support of the purposes of CAB. The Fund is the property of the CFS-B, and all distributions from the Fund must be approved by the CFS-B Board of Directors.

Distributions from the Fund to LSU in Shreveport for support of the radio stations will be recognized as revenues in Statement B in the year the funds are actually received by LSU in Shreveport.

As of June 30, 2001, the Fund had a balance of \$91,742.

11. Accounting Changes:

The State of Louisiana, during fiscal year ending June 30, 2001, changed the threshold for capitalizing moveable property from \$250 to \$1,000. The change resulted in a restatement of Fund Balance for the Unrestricted and Restricted Funds as shown in Note 12.

The financial statements for Louisiana State University in Shreveport have been prepared in accordance with GASB 33.

12 Prior Year Restatement of Fund Balances:

The following adjustments were made to restate beginning fund balance for June 30, 2001

Fund	Fund Balance at July 1, 2000 previously reported	Adjustments*	Fund Balance at July 1, 2000 as Restated
Unrestricted	\$ 1,199,877	\$ (67,944)	\$ 1,131,933
Restricted	62,099	(11,716)	50,383
Total	<u>\$ 1,261,976</u>	<u>\$ (79,660)</u>	<u>\$ 1,182,316</u>

* all adjustments were made to account for deletion of equipment under \$1000.00

Schedule of Functional Expenses
For The Year Ended June 30, 2001
(With Comparative Totals for 2000)

	Program Services				Supporting Services				Total Expense	
	Programming & production	Broadcasting	Public information & promotion	Total program services	Management and general	Fund raising & membership development	Underwriting & grant solicitation	Total supporting services	2001	2000
Employees salaries and wages	\$ 28,504	\$ 91,763	\$ 3,093	\$ 123,360	\$ 75,491	\$ 25,906	\$ 26,957	\$ 128,354	\$ 251,714	\$ 273,761
Employee benefits	4,793	16,118	516	21,427	9,263	4,331	4,506	18,100	39,527	52,084
Travel	3,455	3,455	-	6,910	3,462	-	-	3,462	10,372	7,536
Postage	-	-	4,913	4,913	982	1,965	1,965	4,912	9,825	7,260
Telephone	-	-	-	-	1,782	1,551	588	3,921	3,921	8,257
Rental and maintenance of equipment	-	5,935	1,085	7,020	1,085	-	-	1,085	8,105	5,024
Utilities	-	50,683	-	50,683	-	-	-	-	50,683	47,659
Printing, publications and graphics	-	-	281	281	-	225	56	281	562	1,200
Other operating services	110,441	94,016	850	205,307	59,447	2,750	850	63,047	268,354	242,943
Supplies	2,613	4,928	-	7,541	2,792	5,522	-	8,314	15,855	19,442
Professional services	-	1,449	-	1,449	8,176	-	1,449	9,625	11,074	32,012
Other charges	-	-	-	-	-	1,897	-	1,897	1,897	3,046
Total	\$ 149,806	\$ 268,347	\$ 10,738	\$ 428,891	\$ 162,480	\$ 44,147	\$ 36,371	\$ 242,998	\$ 671,889	\$ 700,224